

Senior Investor Education: 11 Tips for Smart Investing

1. Check the registration and background of the individual selling the investment with the Minnesota Department of Commerce. It's fast and easy. Anyone selling a security must be registered with the state, unless he or she qualifies for an exemption. You can check the status of a license using the broker search tool found on the Commerce website (mn.gov/commerce/topics/securities/broker-dealers/registration-lookup.jsp). To check the registration of a specific investment product, call the Department of Commerce consumer help line at 651-539-1600.

2. Develop a personal financial plan that meets your needs. Be sure that recommendations you receive are consistent with your financial needs, risk profile, and investment objectives.

3. Beware of promises that promote high or unrealistic returns in a short period of time.

4. Diversify everything – Your assets, money managers, accounts, and financial institutions. Spreading money around will limit your exposure to financial problems. Don't put all your eggs in one basket.

5. Beware of investments promoting no downside or risk. All investments have some degree of risk.

6. Do your homework. Ask questions and do your research about the investments and those who sell them. Get clear and direct answers before you invest. Don't rely on reputation or word of mouth alone.

7. Beware of vague or overcomplicated explanations of how the business runs and how money is made. If you don't understand how it works, do not buy it.

8. Understand the cost. Ask about the risks, obligations, and costs of any investments before investing. Ask about commissions, sales charges, maintenance or service charges, transactions or redemption feeds, and penalties associated with the investment.

9. Access your investments. Understand how to access your funds in a timely manner. Ask about any restrictions or limitations on accessing your money before you invest.

10. Ask questions about cyber-security. Before you make an investment, make sure the firm or individual selling you a product has a satisfactory plan in place to protect your private data from cyber-security threats.

11. Report investment fraud and/or securities violations to the Minnesota Department of Commerce. If you suspect a violation or fraud, call 651-539-1600 so that the Department can investigate the matter. Your call may help prevent others from being victimized.

